

James Madison to Clarkson Crolius, December, 1819. Transcription: The Writings of James Madison, ed. Gaillard Hunt. New York: G.P. Putnam's Sons, 1900-1910.

TO CLARKSON CROLIUS. MAD. MSS.

Montpellier, Decr., 1819.

I have received Sir the copy of the Address of the Society of Tammany, with which I have been politely favored.¹

1 November 29 Crolius transmitted an address of the Tammany Society on the subject of national economy and domestic manufactures.— *Mad. MSS.*

The want of economy in the use of imported articles enters very justly into the explanation given of the causes of the present general embarrassments. Were every one to live within his income, or even the savings of the prudent to exceed the deficits of the extravagant, the balance in the foreign commerce of the nation, could not be against it. The want of a due economy has produced the unfavorable turn which has been experienced. Hence the need of specie to meet it, the call on the vaults of the Banks, and the discontinuance of their discounts, followed by their curtailments: Hence too the failure of so many Banks, with a diminished confidence in others: And hence finally a superabundance of debts, without the means of paying them.

The Address seems very justly also to charge much of the general evil by which many of the Banks themselves have been overwhelmed, on the multiplicity of these Institutions, and a diffusion of the indiscriminate loans, of which they have been the sources. It has

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been made a question whether Banks, when restricted to spheres in which temporary loans only are made to persons

in active business promising quick returns, do not as much harm to imprudent as good to prudent borrowers. But it can no longer be a doubt with any, that loan offices, carrying to every man's door, and even courting his acceptance of, the monied means of gratifying his present wishes under a prospect or hope of procrastinated repayments, must, of all devices, be the one most fatal to a general frugality, and the benefits resulting from it.

The effect of domestic manufactures in diminishing imports, and as far as they are carried on by hands attracted from abroad, or by hands otherwise idle or less productively employed at home, without a proportional diminution of the exports, merits certainly a distinguished attention in marking out an internal system of political Economy, and in counteracting a tendency in our foreign Commerce to leave a balance against us. The relief from this source would be more effectual, but for the circumstance that the articles which contribute much to an excess of our imports over our exports, are articles, some not likely soon, others perhaps not at all to be produced within ourselves. There is moreover a feature in the trade between this Country and most others, which promotes not a little an unfavorable result. Our Exports being chiefly articles for food, for manufactures, or for a consumption easily surcharged, the amount of them called for, never exceeds what may be deemed real and definite wants. This is not the case with our imports. Many of them, some the most costly, are objects neither of necessity, nor utility; but merely of fancy & fashion, wants of a nature altogether indefinite. This relative condition of the trading parties, altho' it may give to the one furnishing the necessary & profitable articles, a powerful advantage over the one making its returns in superfluities, on extraordinary occasions of an interrupted intercourse; yet, in the ordinary and free course of commerce, the advantage lies on the other side; and it will be the greater in proportion to the lengthened credits on which the articles gratifying extravagant propensities are supplied.

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Such an inequality must in a certain degree controul itself. It wd. be compleatly redressed by a change in the public preferences & habits, such as is inculcated in the address.

In not regarding domestic manufactures as of themselves, an adequate cure for all our embarrassments, it is by no means intended to detract from their just importance, or from the policy of legislative protection for them.

However true it may be in general that the industrious pursuits of individuals, ought to be regulated by their own sagacity & interest, there are practical exceptions to the Theory, which sufficiently speak for themselves. The Theory itself indeed requires a similarity of circumstances, and an equal freedom of interchange among commercial nations, which have never existed. All are agreed also that there are certain articles so indispensable that no provident nation would depend for

a supply of them on any other nation. But besides these, there may be many valuable branches of manufactures which if once established, would support themselves, and even add to the list of exported commodities; but which without public patronage would either not be undertaken or come to a premature downfall. The difficulty of introducing manufactures, especially of a complicated character & costly outfit, and above all, in a market preoccupied by powerful rivals, must readily be conceived. They appear accordingly to have required, for their introduction into the Countries where they are now seen in their greatest extent & prosperity, either the liberal support of the Government, or the aid of exiled or emigrant manufacturers, or both of these advantages.

In determining the degree of encouragement which can be afforded to domestic manufactures, it is evident that, among other considerations, a fair comparison ought to be made of what might be saved by supplies at home during foreign wars, to say nothing of our own, with the expence of supporting manufactures in times of peace against foreign competitions in our market. The price of domestic fabrics, tho' dearer than foreign, in times of peace, might be so much cheaper in times of war, as to be cheaper also than the

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medium price of the foreign taking the two periods together. Yet the Amn. manufacturer if unprotected during the periods of peace wd. necessarily be undermined by the foreign; and he could not be expected to resume his undertaking at the return of war, knowing the uncertainty of its continuance; and foreseeing his certain ruin at the end of it. Estimates on these points cannot be made with, much precision, but they ought not on that acct. to be overlooked; and in making them a strong leaning ought to be indulged towards the policy of securing to the nation independent resources within itself.

If I have extended these remarks beyond the proper limits I must find my apology in the nature of the subject; & in the tenor of your letter, for Which I pray you to accept my acknowledgts., with my respects & good wishes.